

Audit's® NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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INVESTMENT OUTLOOK: REALTY TRUSTS SHAKE OFF RATE FEARS WHILE DOW SWOONS

How far up can the prime rate rise?

We asked that question here last month and it's still the dominant question both we and you must face.

Right now we're looking at an imminent 9% prime rate -- up 1½% since Jan. 1.

At that rate prime could hit 10% by year-end and really start hurting recovery hopes of many realty trusts.

Last month's market action shows investors are willing to make increasingly sophisticated judgments of the impact of higher rates on realty trusts. Gone is the meat-ax across-the-board sell. Thus trusts rebounded 1.2% in the month (see p. 3).

But investors have also awakened to the fact that the current state of the art in fighting inflation means higher interest -- still. Thus Dow-Jones Industrials sagged 2.8% in the month and are now almost exactly even with Jan. 1 prices.

This meant investors are buying mortgage-type stocks where they figure the

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Midland Mtg. Inv.	Mtg. Trust of America	TIERCO

Price prepaid: \$15 per individual trust, \$20 the packet

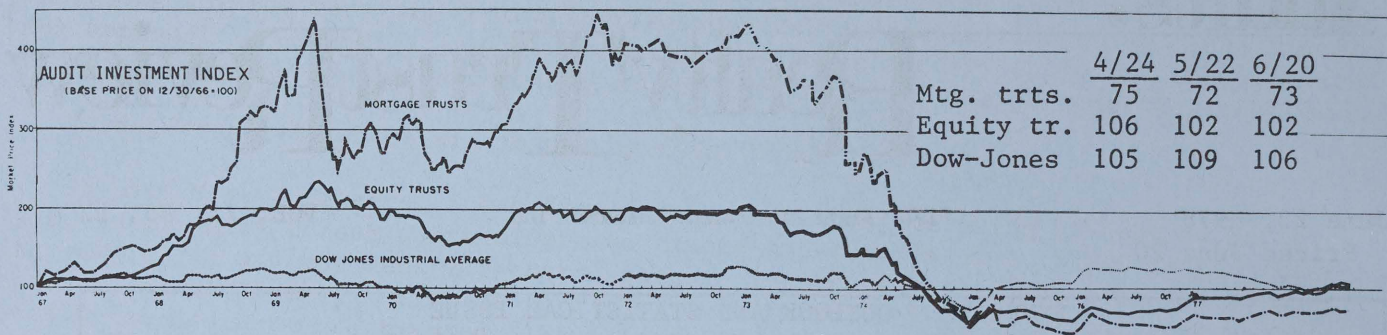
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impact of foreseeably higher rates is already discounted. Wells Fargo Mtg. & Eq. boomed ahead 12.6% in active trading and two smaller mortgage-banker sponsored trusts also rose: Baird & Warner Mtg. up 11.4% on widening belief its dividend won't be cut when its July fiscal year ends (we've been urging caution on this issue) and Central Mtg. & Rlty., up 16.8% on news the trust seems solidly in the black, by 3¢/sh. in the March quarter. Lomas & Nettleton Mtg. was even for the month even though it nailed down long-term financing insulating it from much impact of higher rates.

In the long-term mortgage group, MONY Mtg. rose 5.4% on a good earnings report (p. 8) and recovering Pacific-Southern Mtg. was up 5.6%.

PNB Mtg. & Rlty., reviewed last issue, rose 3.4% where it still sells 47% below book value. Realty ReFund fell 8.1% in the month but seems to have found bottom.

Some recovery situations are starting to show handsome percentage gains when investors spot break-even operations and stabilizing book value (see RTR, June 9). Builders Investment Group doubled to 2-7/8, Barnett Mtg. jumped 41½% and stabilizing Heitman Mtg. was ahead by 40%. Many of these are moving on light volume.

But many other recovery trusts aren't far behind: Great American (in bankruptcy), up 20%; Institutional Investors up 19.7%; and Cousins up 36% on diversification news.

Mission Investment was up 16.9% but still is 45.5% below stabilizing book value. And Wachovia Realty was up 11.8% although book value hasn't stabilized yet.

Property trusts were generally weak and larger property trusts fell 0.4% in the month. This despite our analysis on p. 7 that a bigger slice of dividends will be tax-free return of capital in the future for trusts like Continental Illinois Props. and possibly Florida Gulf because of bigger depreciation bites. This could lower the dividend yield investors will accept and lead to slightly higher share prices.

TENDER/EXCHANGE OFFERS: BAY COLONY SUCCEEDS & NJB PRIME SEEKS CH. XI APPROVAL

Bay Colony Property wrapped up its stretch-out of subordinated debt June 2 as 70.2% of holders of its old 8½% due 1981 accepted \$1,050 principal of a new 8½% senior subordinated debenture due 1989 plus 20 shares of common. Bay now has \$6.8 million of the old notes out and \$17.0 million of the new debentures which are quoted at 67 bid, 70 asked (see table, p. 3).

NJB Prime Investors extended its three-way offer to June 30 (see RTR, Apr. 28). About 40% have accepted one of three options, v. 90% sought. NJB will begin seeking simultaneous consents of debentureholders to a Ch. XI bankruptcy restructuring which would need only 50% approval in number and amount in event 90% don't tender.

Tri-South Mortgage extended to June 28 with about 42% and 45% of its two issues accepting a new 10% senior convertible note, vs. 55% sought.

Citizens & So. Realty is seeking bank approval to reduce to 51% from 75% the minimum acceptance of its tender (see RTR May 12). Outcome isn't known.

Midland Mtg.'s offer expires June 23 and results aren't known at press time.

DIVIDEND TRENDS: JUNE ACTIVE WITH FOUR INCREASES AND NO CUTS

June saw all payers at least maintaining payments while four increased. The hike by Henry Miller Realty was a notable 5¢ spurred by improvement at its owned community shopping centers. MassMutual Mortgage increased for the third time in four quarters stating the new 34¢ rate should be maintained by spreading extraordinary gains over the next four quarters. Modest hikes were also made by Mortgage Growth Investors and First Continental REIT resulting from some restoration of problem assets. More future trust dividends may become sheltered as tax-free returns as depreciation is increasing. (See page 7.)

	Up	Same	Down	Total	%Change
June	4	14	0	18	+ 2%
Year	29	63	4	96	--
-----From previous year-----					
June	13	5	0	18	+12%
Year	58	34	4	96	--

Trust	Record date	Dividend/share-- Latest	Dividend/share-- Previous	Net change-- Amt.	Net change-- Percent	Year Ago	% Change
Consol. Capital Rlty.	6/19	\$0.17M	\$0.17	\$ ---	NC	\$0.1684	+1
Delaware Valley R&M	6/19	0.115M	0.115	---	NC	0.115	NC
Denver REIA	6/15	0.18	0.18	---	NC	0.15	+20
First Cont'l. REIT	6/30	0.24	0.23	+.01	+4	0.22	+9
Federal Realty	6/30	0.34	0.34	---	NC	0.31	+10
Florida Gulf Realty	6/28	0.32	0.32	---	NC	0.32	NC
First Union REI	7/13	0.26	0.26	---	NC	0.25	+4
General Growth	6/30	0.37	0.37	---	NC	0.35	+6
Investors Realty	6/9	0.125	0.125	---	NC	0.00	--
M&T Mtg. Inv.	6/23	0.26	0.26	---	NC	0.26	NC
Mass Mutual Mtg.	6/21	0.34	0.32	+.02	+6	0.30	+13
MONT Mtg.	6/30	0.23	0.23	---	NC	0.23	NC
Miller (Henry)Rlty.	6/27	0.25	0.20	+.05	+25	0.15	+67
Mortgage Realty In.	6/30	0.15	0.14	+.01	+7	0.12	+25
New Plan Realty	6/15	0.085M	0.085	---	NC	0.08	+6
Pennsylvania REIT	7/13	0.625S	0.625	---	NC	0.575	+9
Pitts.GW. Va. RR	6/9	0.14	0.14	---	NC	0.14	NC
Property Capital	6/8	0.30	0.30	---	NC	0.30	NC
Prudent REIT	6/8	0.06	0.06	---	NC	0.05	+20
Real Estate Inv. Prop.	7/1	0.53	0.53	---	NC	0.48	+10
Rlty.&Mtg. Pacific	6/30	0.32	0.32	---	NC	0.28	+14
University RE	6/23	0.09M	0.09	---	NC	0.05	+80
TOTALS(18 Trusts)b		\$5.04	\$4.95	\$.09	+2%	\$4.485	+12%

b-Excludes monthly dividends. NC-No change. M-Monthly. S-Semi-annual.

COMPARATIVE TRUST GROUP AVERAGE 06/20/78

GROUP	QUAL	NON-QUAL	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
PROPERTY-LARGE	21	0	21	2170	11.37	1.01	1.11	13.19	-0.4	3.6	11.8	7.7	15.9	9.8	666.7
-SMALL	7	0	7	893	12.55	1.25	1.39	12.86	5.2	9.3	9.2	9.7	2.4	11.1	74.2
-SUBOR LAND	3	0	3	1862	15.83	1.08	1.26	12.21	-0.7	3.2	9.7	8.8	-22.9	7.9	57.4
AVERAGE 3 PROP GROUPS	31		31	1851	12.07	1.07	1.19	13.01	0.8	4.8	10.9	8.2	7.8	9.9	798.3
PROP & MTG COMBINATION	15	9	24	2137	9.72	0.35	0.46	7.22	0.0	8.0	15.6	4.9	-25.8	4.8	430.7
SHORT-TERM MTG	11	0	11	1757	14.85	0.54	0.55	9.52	5.3	14.6	17.2	5.7	-35.9	3.7	202.9
LONG-TERM MTG/PROP	13	0	13	3442	14.77	0.99	0.92	10.77	0.1	-8.1	11.7	9.2	-27.0	6.2	476.5
MTG/FCLSD PROP-MISC	10	7	17	2536	3.66	0.00	0.12	2.90	1.0	13.0	22.4	0.0	-20.7	3.5	116.7
-BANK	0	16	16	2060	3.01	0.00	0.36	2.78	-4.6	13.6	7.8	0.0	-7.8	11.8	73.6
-INDEPEND	0	30	30	3289	0.01	0.00	0.04	1.71	9.6	28.7	41.1	0.0	26936.8	657.9	134.9
AVERAGE 3 MTG/FCLSD PROP	63		63	2773	1.75	0.00	0.14	2.30	2.0	18.3	15.9	0.0	31.2	8.3	325.2
OVERALL AVERAGE	80	62	142	2447	7.56	0.42	0.52	6.80	1.2	6.0	12.8	6.3	-9.9	7.0	2233.6
DOW-JONES INDUSTRIAL AVERAGE							89.23	830.04	-2.8	-0.1	9.3	5.6			

*LATEST QUARTER ANNUALIZED

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD
ATICO MTG-C#	OC	6.75	'82F	16.9	54.00	-5	12
BT MTG INV-C	OC	5.75	'82	19.4	62.00	3	9
BARNETT MTG-C	OC	6.75	'91	17.3	56.00	1	DEF
BARNETT MTG-CD	OC	8.50	'98	30.0	82.00	2	DEF
BARNETT-WIN-CE	OC	8.25	'98	30.0	58.00	0	DEF
BAY COLONY PROP-C	NY	8.50	'81F	6.8	82.00	3	10
BAY COLONY PROP-B	OC	8.50	'89	17.0	67.00	0	12
CHASE MAN TR-A	OC	7.88	'78	36.7	77.00	2	DEF
CHASE MAN TR-C	OC	7.50	'83	41.2	38.00	0	19
CITIZNSO RLTY-C	OC	6.75	'78	30.0	62.00	34	DEF
CITZNS MTG INV-B	OC	8.50	'80	20.0	37.00	0	DEF
CONT ILL RLTY-B	NY	7.63	'79	25.0	86.00	0	8
COUSINS M&E-C	NY	6.50	'82F	30.0	62.00	7	10
FIRST MTG INV-A	OC	6.75	'82	9.1	50.00	-7	13
FIRST NEWPORT-B	OC	8.75	'79	7.4	68.00	11	12
FIRST VIRGINIA-B	OC	8.00	'80	5.0	74.00	0	10
FIRST VIRGINIA M	OC	4.00	'80	15.0	65.00	0	06
GMR PROPERTIES-C	AS	7.70	'80	20.0	79.00	1	09
GREAT AMER MGMT-B	OC	7.55	'79	25.0	23.00	0	VJ
GREAT AMER MGMT-C	OC	8.75	'83	25.0	18.00	0	VJ
GROWTH RLTY-C	NY	6.75	'82	9.2	77.00	4	8
GUARDIAN MTG-B	OC	7.50	'79	25.0	27.00	-6	VJ
GUARDIAN MTG-C#	OC	6.75	'86	8.6	18.00	-9	VJ
IDS REALTY-H	OC	----	----	169.8	60.00	0	NC
INSTITNL INV-B	NY	7.88	'80	20.0	75.00	5	10

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD
JUSTICE MTG-B	OC	7.75	'79	9.6	42.00	2	VJ
MIDLAND MTG-B	NY	8.00	'80	17.1	63.00	6	12
MTG INV WASH-BG	OC	9.25	'80	15.0	70.00	0	13
NJB PRIME INV-C	OC	7.00	'80	4.7	37.00	8	DEF
NATIONWIDE RE-C	OC	7.00	'91	6.5	70.00	-1	10
NO AMER MTG-B	OC	8.50	'87	12.1	60.00	-23	14
NO AMER MTG-C	NY	5.50	'79	16.3	88.00	-2	6
REALTY REFUND-C	OC	12.00	'98	15.0	100.00	0	12
SAUL (B.F.)-C	NY	8.50	'80	25.0	91.50	1	9
SECURITY MTG-C#	AS	7.25	'82	50.0	88.63	-0	8
SECURITY MTG-C#	OC	6.00	'82	17.1	67.00	0	9
STATE MUT INV-B	NY	9.00	'80F	6.2	92.00	-3	9
TRI-SOUTH MTG-B	NY	7.75	'80	25.0	73.00	17	10

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. D-CONVERTIBLE AT \$39 TILL 9/1/78 WHEN PRICE MAY BE ADJUSTED. E-CONVERTIBLE AT \$31 TILL 12/1/78 WHEN PRICE WILL BE ADJUSTED. F-VARIABLE AT 1 1/2% OVER MONTHLY PRIME. G-VARIABLE RATE AT 1 1/4% OVER PRIME IN OCT. AND APRIL. H-FIVE SERIES, A-E: 6-7/8, 7-1/8, 7-3/8, TWO VARIABLE; 1987-94. VJ-BANKRUPTCY REORGANIZATION.
X-SUSPENDED BY EXCHANGE. DEF-IN DEFAULT.
#-MAY BE USED AT PAR TO EXERCISE WARRANTS.
F-TRADES FLAT, WITHOUT ACCRUED INTEREST.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
PROPERTY TRUSTS-OVER \$25M ASSETS													
AMER EQUITY IT#	O-AEQTS	2497	6.36	0.48	MAR	0.45	6.75	12.5	17.4	15.0	7.1	6.1	16.9
API TRUST	O-APITS	1012	7.53	0.00	DEC	0.00	2.75	-35.3	-35.3	0.0	0.0	-63.5	0.0
CMWLTN RLTY #	O-CRTYC	1180	6.38	0.80	FEB	0.57	9.75	0.0	8.3	17.1	8.2	52.8	8.9
CONSOL CAP RLY#	O-CCPLS	1989	18.56	2.04	FEB	2.06	29.50 X	-1.1	9.3	14.3	6.9	58.9	11.1
CONT ILL PROP#	N-CIE	4808	19.93	1.28	APR	1.48	15.13	1.7	-2.4	10.2	8.5	-24.1	7.4
DENVER REIA#	O-DENVV	1091	8.29	0.72	DEC	2.31	10.38 X	1.7	23.9	4.5	6.9	25.2	27.9
FEDERAL REALTY	A-FRT	1407	9.77	1.36	MAR	1.22	16.75	-0.8	3.1	13.7	8.1	71.4	12.5
FIRST FIDELITY#	O-FFITS	866	10.55	0.40	FEB	0.28	9.50	5.6	68.7	33.9	4.2	-10.0	2.7
FIRST UNION #	N-FUR	4263	8.46	1.04	JAN	0.97	11.75	2.2	-8.8	12.1	8.9	38.9	11.5
FLORIDA GULF#	O-FGLFS	995	14.89	1.28	APR	1.36	12.50	-10.2	-10.7	9.2	10.2	-16.1	9.1
GENERAL GROWTH#	N-GGP	6202	6.40	1.48	MAR	1.54	25.25	-1.0	4.6	16.4	5.9	294.5	24.1
GOULD INVESTOR#	A-GTR	1174	7.20	0.80	MAR	1.04	8.25 X	-0.6	17.9	7.9	9.7	14.6	14.4
GREIT REALTY #	A-GRT	998	11.27	0.40	APR	0.72	6.13	-10.9	-3.9	8.5	6.5	-45.6	6.4
HUBBARD REI	N-HRE	4004	22.75	1.36	APR	1.64	16.75 X	-1.7	-5.6	10.2	8.1	-26.4	7.2
NEW PLAN RLTY#	O-NPLNS	1690	4.21	1.02	JAN	1.13	11.50 X	-7.3	-6.1	10.2	8.9	173.2	26.8
PENN REIT #	A-PEI	1516	12.55	1.25	FEB	1.44	15.00	1.7	5.3	10.4	8.3	19.5	11.5
PRUDENT REIT#	A-PRU	3217	2.88	0.24	NOV	0.00	3.38 X	-5.2	28.5	0.0	7.1	17.4	0.0
REIT OF AMERICA	A-REI	1633	21.59	1.20	MAY	1.24	15.13	-1.6	4.3	12.2	7.9	-29.9	5.7
SAN FRAN RE #	A-SFI	1376	19.96	1.20	MAR	1.40	16.38	0.8	8.3	11.7	7.3	-17.9	7.0
UNIVERSITY REIT	O-URETS	2133	7.76	1.08	MAR	0.36	10.75 X	0.8	2.4	29.9	10.0	38.5	4.6
WASH REIT #	A-WRE	1518	11.58	1.80	DEC	2.20	23.63 X	-2.7	-2.1	10.7	7.6	104.1	19.0
GROUP AVERAGE		2170	11.37	1.01		1.11	13.19	-0.4	3.6	11.8	7.7	15.9	9.8
PROPERTY TRUSTS-SPECIALTY PROPS & UNDER \$25M ASSETS													
GENERAL RE #	O-CRELS	557	7.15	1.12	MAR	0.96	7.50 X	4.4	25.0	7.8	14.9	4.9	13.4
HOTEL INVESTOR#	A-HOT	1555	17.36	1.68	FEB	2.00	18.63	4.2	9.6	9.3	9.0	7.3	11.5
PITTS & W VA RA	A-PW	1510	22.46	0.56	MAR	0.84	6.38 X	-1.7	-19.0	7.6	8.8	-71.6	3.7
RE INV PROPS	O-REIPS	480	15.07	2.12	MAR	1.84	22.00	7.3	10.0	12.0	9.6	46.0	12.2
REIT OF CALIF	O-RTCAL	550	8.95	1.20	MAR	1.28	15.00	0.0	20.0	11.7	8.0	67.6	14.3
TERRYDALE R#	O-TRYLS	336	13.76	1.48	MAR	2.24	14.50	5.5	7.4	6.5	10.2	5.4	16.3
US EQUITY & MTG	O-USEM	1265	3.11	0.60	JAN	0.60	6.00	0.0	9.1	10.0	10.0	92.9	19.3
GROUP AVERAGE		893	12.55	1.25		1.39	12.86	5.2	9.3	9.2	9.7	2.4	11.1
PROPERTY TRUSTS-SUBOR LAND LEASEBACK													
ICM REALTY	A-ICM	3011	14.61	0.24	MAY	0.73	8.63	-1.4	23.3	11.8	2.8	-40.9	5.0
JMB REALTY	O-JMBRS	510	19.21	1.80	FEB	1.84	17.00	-5.6	3.0	9.2	10.6	-11.5	9.6
PROPERTY CAPITL	A-PCL	2065	13.68	1.20	APR	1.20	11.00 X	1.5	-8.3	9.2	10.9	-19.6	8.8
GROUP AVERAGE		1862	15.83	1.08		1.26	12.23	-0.7	3.2	9.7	8.8	-22.9	7.9
PROPERTY & MTG COMBINATION													
BANKAMER RLTY	O-BRLTS	3547	16.59	0.80	APR	1.03	12.00 X	3.8	14.3	11.7	6.7	-27.7	6.2
BRT REALTY	A-BRT	1400	2.75	0.00	FEB	0.00	1.25	33.0	81.2	0.0	0.0	-54.5	0.0
CONN GEN M&R#	N-CGM	5718	19.11	1.60	MAR	1.76	19.38	2.0	-7.7	11.0	8.3	1.4	9.2
FLATLEY REALTY	O-FLTLS	1000	6.95	0.00	DEC	0.16	3.88	0.0	19.4	24.3	0.0	-44.2	2.3
INDIANA M&R #	O-INMDS	1154	8.41	0.00	MAR	0.44	4.00	-8.7	14.3	9.1	0.0	-52.4	5.2
INVESTORS RL#	A-IRT	1579	10.73	0.50	FEB	0.76	7.88 X	-4.5	5.1	10.4	6.3	-26.6	7.1
MILLER HENRY S	O-HSMTS	560	16.88	1.00	MAY	1.20	12.50	8.7	25.0	10.4	8.0	-25.9	7.1
MORTGAGE GROWTH	A-MTG	2627	10.67	0.60	MAY	0.48	7.50	-1.7	30.4	15.6	8.0	-29.7	4.5
PROP TR AMER#	O-PTRAS	2338	7.41	0.28	MAR	0.20	4.88	-2.4	-4.9	24.4	5.7	-34.1	2.7
REALTY INCOME	A-RIT	1566	10.96	1.40	JAN	0.00	11.88 X	-0.2	-7.8	0.0	11.8	8.4	0.0
RIVIERE RLTY #	O-RIV16	783	8.50	0.50	DEC	0.96	6.25	4.2	13.6	6.5	8.0	-26.5	11.3
SAUL (BF) REIT	N-BFS	5859	5.25	0.00	MAR	0.00	6.00	4.3	41.2	0.0	0.0	14.3	0.0
US BANCORP #	A-UBT	840	16.51	0.00	FEB	1.08	11.50	-7.1	15.0	10.6	0.0	-30.3	6.5
VIRGINIA REI#	O-VARES	1251	10.31	0.60	MAR	0.60	10.00	0.0	29.0	16.7	6.0	-3.0	5.8
WELLS FARGO M&E	N-WFM	3917	17.45	1.20	MAR	0.96	13.38	12.6	1.0	13.9	9.0	-23.3	5.5
GROUP AVERAGE		2276	11.23	0.57		0.64	8.82	2.8	9.4	13.7	6.4	-21.5	5.7
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR													
BAIRD & WARNER	O-BAIDS	1043	16.09	0.14	APR	0.00	8.50	11.4	41.7	0.0	1.6	-47.2	0.0
CENTRAL MTG	O-CMRTS	775	11.99	0.00	DEC	0.04	6.13	16.8	58.0	153.3	0.0	-48.9	0.3
FIRST CONTNL	O-FCRES	2106	10.28	0.96	MAY	1.00	8.63	7.9	1.5	8.6	11.1	-16.1	9.7
FRASER MTG	O-FRASS	1038	16.40	1.04	FEB	1.04	12.25	-2.0	8.9	11.8	8.5	-25.3	6.3
HANOVER SQ RLTY	A-HSQ	946	11.08	0.00	FEB	0.00	7.38	0.0	40.6	0.0	0.0	-33.4	0.0
LOMAS & NETLTN	N-LOM	3700	27.77	1.72	MAR	1.72	18.75	0.0	-5.7	10.9	9.2	-32.5	6.2
M&T MORTGAGE	O-MTMIS	1482	10.25	1.04	MAY	1.12	9.50 X	2.7	-5.0	8.5	10.9	-7.3	10.9
MTG TRUST AMER	N-MT	3860	12.29	0.00	FEB	0.18	7.25	7.4	20.8	40.3	0.0	-41.0	1.5
NATIONWIDE RE	O-NRELS	1047	24.13	0.16	MAR	0.16	13.00	4.0	62.5	81.3	1.2	-46.1	0.7
SUTRO MTG INV	N-SUT	2322	15.36	0.90	MAR	0.80	9.75	6.8	3.9	12.2	9.2	-36.5	5.2
WESTERN MTG	O-WMTGS	1003	7.75	0.00	FEB	0.02	3.63	3.7	11.7	181.5	0.0	-53.2	0.3
GROUP AVERAGE		1757	14.85	0.54		0.55	9.52	5.3	14.6	17.2	5.7	-35.9	3.7
LONG-TERM MTGS & PROPERTIES													
BT MTG INVSTRS	N-BTM	2116	-2.84	0.00	MAR	0.31	1.88	-6.0	-16.4	6.1	0.0	-0.0	-0.0
DELAWARE VLY*	O-DVRMS	905	9.39	1.38	DEC	0.84	12.00 X	3.1	-11.1	14.3	11.5	27.8	8.9
EQUIT LF MTG	N-EQ	5662	23.38	2.00	APR	1.84	19.38	-4.9	-25.8	10.5	10.3	-17.1	7.9
HOSPITAL MTG	A-HMG	1178	22.72	0.60	FEB	0.40	10.13	-5.8	11.0	25.3	5.9	-55.4	1.8
MASSMUTUAL MTG	N-MML	4670	19.60	1.36	APR	1.43	13.88 X	2.4	-9.8	9.7	9.8	-29.2	7.3
MONY MTG INV	N-MYM	8924	9.72	0.92	MAY	0.86	9.75	5.4	-2.5	11.3	9.4	0.3	8.8
NOWSTRN MUT MT	N-NML	4758	19.05	1.00	MAR	0.88	11.38	0.0	-7.1	12.9	8.8	-40.3	4.6
PACIFIC SO MTG	O-PSMTS	800	11.95	0.64	MAR	0.52	7.63	5.6	13.0	14.7	8.4	-36.2	4.4
PNB MTG& RL#	N-PNI	2437	18.73	0.80	MAR	0.80	9.88	3.4	-8.1	12.4	8.1	-47.3	4.3
REALTY REFUND	N-RRF	1309	18.63	2.04	APR	2.04	17.88 X	-8.1	-14.9	8.8	11.4	-4.0	11.0
RLTY & MTG PAC	O-RPACS	1890	18.04	1.28	MAY	1.24	12.88	-0.9	4.0	10.4	9.9	-28.6	6.9
SECURITY MTG	A-SMO	6487	5.98	0.00	MAR	0.00	2.75	-4.5	-8.3	0.0	0.0	-54.0	0.0
UNITED REALTY	A-URT	3610	17.60	0.80	FEB	0.80	10.63	1.2	7.6	13.3	7.5	-39.6	4.5
GROUP AVERAGE		3442	14.77	0.99		0.92	10.77	0.1	-8.1	11.7	9.2	-27.0	6.2

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. -0.0 NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION. ARROWS
 DENOTE NEW EARNINGS OR DIVIDENDS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY
 GAINS NOT ANNUALIZED. P-PHILADELPHIA EXCHANGE. WESTERN MORTGAGE ALSO TRADES ON BOSTON EXCHANGE.

US EQUITY AND ICM REALTY DIVIDENDS ARE TRAILING 12 MONTHS. CITIZENS & SO. EARNINGS FULLY DILUTED. CONTINENTAL
 MORTGAGE EARNINGS FOR 10 MONTHS ENDED JANUARY 1978.

NAME CHANGES: ATICO MORTGAGE TO SOUTH ATLANTIC; FIRST COMMERCE TO EASTOVER CORP; LMI INVESTORS TO GROWTH REALTY.
 GROUP CHANGES: BARNETT MTG. & BARNETT-WINSTON FROM COMCL BANK SPONSOR TO INDEPENDENT MGMT.

	EXCH/ SYMBOL	SHARE (,000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
MTG & FORECLOSED PROPERTY-MISC SPONSOR													
AMER CENTURY MI	N-ACT	2607	5.23	0.00	MAR	0.00	2.75	-4.5	-12.1	0.0	0.0	-47.4	0.0
BENEF STD MTG	O-BSM	1355	0.59	0.00	APR	0.22 ↓	2.75	0.0	68.7	12.5	0.0	366.1	37.3
VJCOLWELL MTG	O-CIM	2030	-3.86	0.00	MAR	0.00	1.50	-14.3	87.5	0.0	0.0	-0.0	3.0
CONT ILL RLTY	N-CIR	2797	2.09	0.00	DEC	0.66	2.75	-8.3	-15.4	4.2	0.0	31.6	31.6
EASTOVER CORP	O-EASTS	1008	11.01	0.00	DEC	0.02	6.00	9.1	14.3	300.0	0.0	-45.5	0.2
HEITMAN MTG	A-HTM	3292	2.56	0.00	MAR	0.01 ↑	1.75	40.0	16.7	175.0	0.0	-31.6	0.4
MIDLAND MTG	N-MMT	2382	-0.01	0.00	MAR	0.00	1.63	0.0	30.4	0.0	0.0	-0.0	3.9
MISSION INV TR	A-MIT	1812	4.83	0.00	FEB	0.15	2.63	16.9	50.3	17.5	0.0	-45.5	3.1
NORTH AMER MTG	N-NAM	4401	8.95	0.00	MAR	0.00	3.63	0.0	-3.2	0.0	0.0	-59.4	0.0
WACHOVIA RLTY	N-WRI	3335	9.92	0.00	MAY	0.00	4.75	11.8	5.6	0.0	0.0	-52.1	0.0
GROUP AVERAGE		2502	4.13	0.00		0.11	3.01	4.3	12.4	28.4	0.0	-27.0	2.6
PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT)													
AMER REALTY	O-ARB	2222	3.48	0.00	MAR	0.00	1.88	-14.5	62.1	0.0	0.0	-46.0	0.0
BAY COLONY PROP	N-BAY	2992	7.04	0.00	FEB	0.07	3.25	8.3	18.2	46.4	0.0	-53.8	1.0
C I REALTY #	N-CIX	2609	16.75	0.00	FEB	0.35 ↑	11.50	-11.5	8.2	32.9	0.0	-31.3	2.1
CITIZENS GROWTH	O-CITGS	811	6.79	0.00	JAN	0.00	3.50	-6.7	100.0	0.0	0.0	-48.5	0.0
FRANKLIN RLTY	A-FR	999	7.82	0.00	MAR	0.14 ↓	5.63	-4.3	9.7	40.2	0.0	-28.0	1.8
SUMMIT PROP #	O-SMMS	1543	6.92	0.00	JAN	0.57	3.50	-9.8	-12.5	6.1	0.0	-49.4	8.2
US REALTY #	N-UTY	3434	4.03	0.00	MAR	0.28 ↓	5.00	-11.2	2.5	17.9	0.0	24.1	6.9
WALTER RLTY #	O-WALJS	1035	7.20	0.00	APR	0.00	4.00	-8.7	-23.8	0.0	0.0	-44.4	0.0
WISCONSIN REIT	O-WREIS	1514	4.90	0.00	MAR	0.08 ↑	2.75	-4.5	-29.1	34.4	0.0	-43.9	1.6
GROUP AVERAGE		1907	7.21	0.00		0.17	4.56	-8.0	4.0	27.5	0.0	-36.8	2.3
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT													
BARNETT MTG	O-BMT	2174	-11.26	0.00	DEC	0.00	1.50	41.5	200.0	0.0	0.0	-0.0	-0.0
BARNETT-WINSTON	O-BWITS	1663	-0.41	0.00	DEC	0.03	1.13	-9.6	28.4	37.7	0.0	-0.0	1.9
BUILDERS INV	O-BULDS	2929	0.38	0.00	MAR	0.00	2.88	100.0	154.9	0.0	0.0	657.9	0.0
CAPITAL MTG	P-CMU	1675	-0.72	0.00	MAR	0.49	1.31	15.9	61.7	2.7	0.0	-0.0	2.2
VJCONTINENTAL MTG	O-CMI	20838	-3.80	0.00	JAN	0.00	0.22	-21.4	-12.0	0.0	0.0	-0.0	4.6
COUSINS M&E	N-CUZ	3854	1.02	0.00	FEB	0.00	2.38	36.0	58.7	0.0	0.0	133.3	0.0
DIVERSIFIED MTG	N-DMG	7327	8.49	0.00	MAR	0.16	2.75	-4.5	4.6	17.2	0.0	-67.6	1.9
VJDOMINION MAR	O-DMRTS	639	-10.86	0.00	FEB	0.00	0.75	-40.0	200.0	0.0	0.0	-0.0	0.5
FIRST MORTGAGE	O-FMTGS	8495	-6.27	0.00	APR	0.02 ↑	0.88	-12.0	57.1	44.0	0.0	-0.0	7.5
FIRST NEWPORT R	O-FNRRS	2339	3.30	0.00	APR	0.00	1.38	10.4	-4.2	0.0	0.0	-58.2	0.0
FIRST VIR REIT	O-FVM	1208	6.02	0.00	MAR	0.22	1.50	-25.0	0.0	6.8	0.0	-75.1	3.7
VJGREAT AMER M&I	O-GAA	4456	-13.08	0.00	JAN	0.00	0.60	20.0	140.0	0.0	0.0	-0.0	2.7
GROWTH RLTY	N-GRW	2059	6.88	0.00	MAR	0.00	3.38	12.7	-3.4	0.0	0.0	-50.9	0.0
VJGUARDIAN MTG	P-GMI	3000	-13.48	0.00	NOV	0.00	0.63	-8.7	0.0	0.0	0.0	-0.0	1.9
HAMILTON INV	O-HAMTS	2143	5.08	0.00	MAR	0.00	2.63	10.5	39.9	0.0	0.0	-48.2	0.0
INSTITUTNAL	N-INV	6074	2.99	0.00	JAN	0.00	1.75	7.4	-26.5	0.0	0.0	-41.5	0.0
KENTUCKY PROPTY	O-KMTGS	1100	1.68	0.00	NOV	0.06	2.25	19.7	125.0	37.5	0.0	33.9	3.6
LIFETIME COM	O-LFTMS	6428	2.26	0.00	OCT	0.26	0.75	0.0	66.7	2.9	0.0	-66.8	11.5
LINCOLN MTG	O-LNMGs	1155	0.69	0.00	MAR	0.00	2.25	5.6	63.0	0.0	0.0	226.1	0.0
VJMETROPLEX RLTY	O-JMI	1184	-0.28	0.00	MAR	0.00	0.75	-14.8	33.9	0.0	0.0	-0.0	0.9
MTG INV WASH	O-MINVS	2146	4.61	0.00	DEC	0.00	2.63	5.2	5.2	0.0	0.0	-43.0	0.0
NATIONAL MTG	O-NMF	3707	1.97	0.00	NOV	0.00	0.94	5.6	67.9	0.0	0.0	-52.3	0.0
NJB PRIME INV	O-NJB	1330	-6.12	0.00	FEB	0.00	1.25	10.6	303.2	0.0	0.0	-0.0	1.7
PLAZA REALTY	O-PRISS	1114	1.34	0.00	SEP	0.00	0.94	0.0	0.0	0.0	0.0	-29.9	0.0
REPUBLIC MTG	N-RMI	2107	3.92	0.00	MAR	0.00	1.88	0.0	-16.4	0.0	0.0	-52.0	0.0
TEXAS FIRST MTG	O-TFMS	1055	7.95	0.00	MAR	0.01	3.00	9.1	14.1	300.0	0.0	-62.3	0.1
TIERCO	O-TIERS	1161	5.91	0.00	MAR	0.00	2.25	28.6	50.0	0.0	0.0	-61.9	0.0
TMC INDUST	O-TMG	800	-1.69	0.00	DEC	0.00	2.25	38.0	368.8	0.0	0.0	-0.0	1.8
UMET TRUST	N-UAT	2109	-0.59	0.00	FEB	0.00	2.25	12.5	-25.0	0.0	0.0	-0.0	4.7
WESTPORT CO	O-WSPTS	2388	4.26	0.00	APR	0.00	2.31	2.7	2.7	0.0	0.0	-45.8	0.0
GROUP AVERAGE		3289	0.01	0.00		0.04	1.71	9.6	28.7	41.1	0.0	26936.8	657.9
MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR													
AMER FLETCHER M	O-AFM	1352	-0.11	0.00	APR	0.67 ↓	1.50	-3.8	70.5	2.2	0.0	-0.0	2.0
CAMERON-BROWN	N-CB	2016	7.16	0.00	MAR	0.00	2.75	0.0	4.6	0.0	0.0	-61.6	0.0
CHASE MAN MTG	O-CMR	4886	-3.51	0.00	FEB	0.00	0.91	-9.0	-51.6	0.0	0.0	-0.0	4.4
CITINATL DEV	O-CITI6	600	13.04	0.00	DEC	0.00	7.00	-6.7	12.0	0.0	0.0	-46.3	0.0
CITIZENS MTG	O-CZM	1421	-16.59	0.00	MAR	0.00	0.63	0.0	117.2	0.0	0.0	-0.0	0.9
CITIZNS&SO RLTY	O-CZS	3829	-3.19	0.00	MAR	0.00	0.85	-9.6	34.9	0.0	0.0	-0.0	0.0
CLEVELAND TRUST	O-CTRS	2525	9.82	0.00	MAR	0.73	4.75	-5.0	26.7	6.5	0.0	-51.6	7.4
FIDELCO GROWTH	A-FGI	1580	3.53	0.00	FEB	0.76	2.12	-15.2	-5.8	2.8	0.0	-39.9	21.5
FIRST DENVER MI	O-FDENS	1621	6.39	0.00	DEC	2.56	2.63	0.0	16.9	1.0	0.0	-58.8	40.1
FIRST MEMPHIS	O-FMMS	1156	4.41	0.00	FEB	0.70	2.63	-4.4	75.3	3.8	0.0	-40.4	15.9
FIRST PENN MTG	N-PPM	2961	1.33	0.00	APR	0.00	1.50	-8.0	-14.3	0.0	0.0	12.8	0.0
FIRST WISCONSIN	O-FWMS	1987	5.58	0.00	MAR	0.00	2.25	0.0	12.5	0.0	0.0	-59.7	0.0
INDEPENDENCE MT	O-IMTGS	2500	-4.03	0.00	MAR	0.00	1.00	-11.5	51.5	0.0	0.0	-0.0	2.5
MARYLAND REALTY	O-MDRTS	760	8.26	0.00	FEB	0.05	4.13	-5.7	18.0	82.6	0.0	-50.0	0.6
NW FINANCIAL IN	O-NFINS	1510	14.19	0.00	MAR	0.23	7.75	-4.7	5.0	33.7	0.0	-45.4	1.6
TRI-SOUTH MTG	N-TSI	2260	1.89	0.00	MAR	0.00	2.00	14.3	33.3	0.0	0.0	5.8	0.0
GROUP AVERAGE		2060	3.01	0.00		0.36	2.78	-4.6	13.6	7.8	0.0	-7.8	11.8
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS													
ATLANTA NATL	O-ATNAS	1273	8.77	0.00	FEB	0.00	4.75	-5.0	40.5	0.0	0.0	-45.8	0.0
BARNES MTG INV	O-BARNS	1910	11.33	0.00	MAR	0.00	3.25	-13.3	18.2	0.0	0.0	-71.3	0.0
CI MTG GROUP	P-CI	4812	-3.10	0.00	APR	0.00	0.81	-2.4	17.4	0.0	0.0	-0.0	3.9
GMR PROP	N-GMR	2210	3.85	0.00	FEB	0.50	2.12	6.0	-0.5	4.2	0.0	-44.9	13.0
IDS REALTY	O-IDR	2409	-10.87	0.00	JAN	0.60	2.56	0.0	52.4	4.3	0.0	-0.0	6.2
SOUTH ATLANTIC	O-SAT	2706	3.24	0.00	JAN	0.00	2.00	-11.1	-24.0	0.0	0.0	-38.3	0.0
STATE MUTUAL	N-SMU	2786	7.74	0.00	MAR	0.04	3.75	3.3	3.3	93.8	0.0	-51.6	0.5
GROUP AVERAGE		2587	2.99	0.00		0.16	2.75	-3.9	13.9	16.9	0.0	-8.2	5.4

NOTE: ALL TRUSTS LISTED QUALIFY AS REAL ESTATE INVESTMENT TRUSTS EXEMPT FROM FEDERAL INCOME TAXES TO THE EXTENT 90% OR MORE OF INCOME IS DISTRIBUTED TO SHAREHOLDERS EXCEPT TRUSTS IN GROUPS HEADED AS "NON-QUALIFIED" WHICH OPERATE AS BUSINESS TRUSTS TAXABLE AS CORPORATIONS.

CONVERTIBLE DEBENTURES

DEBENTURE	EX	MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE
AMER CENTURY	AS	'90	7.00	21.00	65.00	10.8	-2.9	13.65	2.75
AMER CENTY'B	NY	'91	6.75	28.00	65.00	10.4	-2.9	18.20	2.75
AMER REALTY	OC	'84F	7.00	10.40	63.00	DEF	0.0	6.55	1.88
BAIRD&WARNER	OC	'91	6.75	21.00	67.00	10.1	0.0	14.07	8.50
BANKAMERICA	OC	'90	6.75	21.00	82.00	8.2	0.0	17.22	12.00
BENEF STD MI	OC	'91F	6.50	27.75	56.00	11.6	-0.6	15.54	2.75
CAPITAL MTG	OC	'91F	6.50	33.00	53.00	12.3	0.0	17.49	1.31
CHASE MANHTN	OC	'96	6.50	55.00	34.00	DEF	13.3	18.70	0.91
CHASE MANHTN	OC	'97	11.63	2.25	47.00	24.7	-5.9	1.05	0.91
CONN GENERAL	NY	'96	6.00	32.50	71.50	8.4	-2.0	23.23	19.38
CONTNLT MTG	OC	'90	6.25	19.79	16.00	VJ	0.0	3.16	0.22
EQUITBL LF M	NY	'90	6.75	26.25	82.50	8.2	-2.6	21.65	19.88
FIDELITY MI	OC	'85F	7.75	21.25	17.00	45.6	13.3	3.61	0.75
FIRST PENN M	OC	'91F	6.75	26.00	50.00	13.5	0.0	13.00	1.50
FIRST UNION	NY	'91	7.00	13.00	91.00	7.7	4.6	11.83	11.75
FRANKLIN RLY	AS	'89	7.00	10.00	77.00	9.1	-2.1	7.70	5.63
FST NEWPORT	OC	'91F	6.75	27.50	44.00	15.3	0.0	12.10	1.38
GRT AMER MI	OC	'91	7.00	35.50	18.00	VJ	0.0	6.38	0.60
HANOVER SQ R	AS	'92	7.25	21.00	80.00	9.1	1.3	16.80	7.38
REITMAN MTG	AS	'92	7.50	14.70	63.00	11.9	-0.7	9.26	1.75
HOTEL INVSTR	OC	'90	7.75	21.00	86.00	9.0	1.2	18.06	18.63
HOTEL INVTRS	OC	'91	7.50	25.25	81.00	9.3	1.3	20.45	18.63
LINCOLN MTG	OC	'90	8.00	11.00	60.00	13.3	-1.5	6.60	2.25
MASSMUTL MTG	NY	'90	6.75	21.00	82.00	8.2	3.8	17.22	13.88
MASSMUTUAL M	NY	'91	6.25	33.50	77.00	8.1	-1.5	25.79	13.88
MIDLAND MTG	OC	'86	7.00	16.67	49.00	14.3	6.5	8.16	1.63
MONY MTG IN	NY	'90	7.00	11.00	87.00	8.0	10.8	9.57	9.75
MTG INV WASH	OC	'90	8.00	15.00	62.00	12.9	-3.0	9.30	1.63
NJB PRIME	OC	'91	6.75	21.00	37.00	DEF	8.8	7.77	1.25
NOWSTRN MUTL	NY	'91	6.00	21.00	77.00	7.8	-0.2	16.17	11.38
RAM PACIFIC	OC	'91	6.75	21.00	75.50	8.9	-1.8	15.85	12.88
REALTY INCOM	AS	'91	8.00	18.00	82.50	9.7	1.5	14.85	11.88
REPUBLIC MI	NY	'90	9.00	19.00	91.63	9.8	0.0	17.40	1.88
SAUL (BF) RL	OC	'91	6.50	23.00	66.75	9.7	1.1	15.35	6.00
SAUL(BF) REI	OC	'90	8.00	15.50	80.00	10.0	0.6	12.40	6.00
STATE MUTUAL	AS	'91	6.75	21.00	66.00	10.2	-2.8	13.86	3.75
SUTRO MIT	NY	'82	6.75	20.00	84.50	8.0	0.6	16.90	9.75
SUTRO MTG	AS	'91	6.75	20.00	72.50	9.3	-2.9	14.50	9.75
TRI-SOUTH MI	OC	'92F	7.00	29.50	52.63	DEF	11.7	15.52	2.00
TRI-SO / SR	P	'88	10.00	2.50	92.00	10.9	0.0	2.30	2.00
US BANCORP	AS	'92	7.00	26.25	75.00	9.3	-1.4	19.68	11.50
US REALTY IN	NY	'89	5.75	20.20	60.13	9.6	-7.4	12.14	5.00
WESTPORT CO	OC	'91F	6.75	21.00	56.00	12.1	0.0	11.76	2.31

CONVERSION PARITY IS PRICE AT WHICH THE SHARES WOULD HAVE TO SELL TO JUSTIFY THE DEBENTURE PRICE. DEF-IN DEFAULT. F-TRADES FLAT, WITHOUT ACCRUED INTEREST. VJ-IN BANKRUPTCY REORGANIZATION.

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MILS)
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.05	3.25	516.9	0.0	0.1
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.13	2.75	632.0	-18.7	0.1
CAPITAL MTG	O-CMORW	11/79	471	16.59	1.0	0.03	1.31	1248.1	0.0	0.0
CITIZNS&O-B	O-CZSS	4/83	258	2.00	50.0	3.00	0.85	142.4	0.0	0.8
FLATLEY RLTY	O-FLTLW	5/79	1000	10.00	1.0	0.25	3.88	164.2	92.3	0.3
JMB REALTY	O-JMBRW	8/82	510	20.00	1.0	1.00	17.00	23.5	-49.9	0.5
M&T MTG INV	O-MMTIZ	8/80	747	13.00	1.0	0.25	9.50	39.5	0.0	0.2
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.13	2.63	475.3	116.7	0.1
NATIONWID RE	O-NRELW	1/81	652	32.00	1.0	0.02	13.00	146.3	0.0	0.0
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.06	3.63	759.2	0.0	0.0
REALTY REFUN	O-RRF5	8/78	328	23.00	1.0	0.19	17.88	29.7	-23.9	0.1
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.06	1.88	967.0	0.0	0.1
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.88	16.38	58.0	-11.9	1.2
SECURITY MT*	A-SMOW	5/79	3117	16.00	1.0	0.03	2.75	482.9	-49.9	0.1
SUTRO MIT(B)	A-SUTW	6/82	700	20.00	1.0	1.13	9.75	116.7	0.0	0.8
UNITED RLTY	A-URTW	12/79	3610	20.00	1.0	0.25	10.63	90.5	31.6	0.9

*DEBENTURES USABLE IN LIEU OF CASH.
NO QUOTE ON CITZNS&O B WARRANTS AT PRESS TIME.

NON/LOW EARNING INVESTMENTS AS OF June 20, 1978

	Number	----Invested Assets----- Non/Low-Earn.	Total	% Non- and low-earning	% Change in month
PROPERTY.....	31	\$ 97M	\$ 2,010M	5%	-3.0%
PROPERTY & MTG.....	24	551	1,988	28	+2.6
SHORT/TERM MTG.....	11	192	726	27	-0.5
L/T MTG/PROPERTY....	13	334	1,691	20	+0.6
MTG/FORECLOSED PROP.	63	5,194	6,990	74	-2.6
TOTALS/AVERAGES....	142	\$6,368M*	\$13,405M	48%	-2.0%

* Includes \$1,045M or 7.8% low-earning assets.

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeros indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "#" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "*". Cash flow derived from amortization of debt discount is denoted by "e". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

EARNINGS TRENDS: GAP GROWING BETWEEN REPORTED EARNINGS AND NET CASH FLOW

A careful reading of recent earning reports underscores the growing disparity between net cash flow -- the real estate man's measure of performance -- and earnings reported to investors under GAAP (generally accepted accounting principles). And this gap should widen as many trusts focus more and more upon properties. Examples:

Continental Illinois Properties is one of those rare situations where earnings are falling on purpose. The decline illustrates again the divergences between net cash flow and earnings reported to investors. The numbers (see table, p. 8) show CIP's April quarter earnings off 22% from the prior quarter and 56% from 1977.

Behind those numbers is a dramatic change in direction for CIP. During the January quarter CIP bought about \$92 million in properties through three joint ventures, including a major interest in the Watergate complex in Washington, D.C., including part of the 238-room hotel there and 500,000 sf of office space; the 293,000 sf Des Moines Financial Center in Des Moines, Ia.; and the 302,000 sf Ohio Edison Bldg. in Akron. In all CIP invested \$15½ million, some through converting previous loans into equity ownership, in the three partnerships with about \$92 million assets subject to \$76 million liabilities.

Since the trust holds substantial interests in all partnerships, it elected to consolidate these and other partnerships on its balance sheet. The net effect: investments jump over 50% to \$284 million at April 30; mortgage debt on rental properties more than doubles to \$177 million and the debt/equity ratio also doubles to 2-1. The income statement now is hit with more than twice as much depreciation: April quarter depreciation of 41¢/sh. v. 20¢/sh. of two quarters ago. Net cash flow, after adjustment for minority interests in partnerships, is holding in the 32-33¢/sh. range for the past two quarters, up from the 26¢/sh. of the Oct. 1977 quarter. The trust was able to boost rents faster than operating expenses on this expanded portfolio in the April quarter, indicating that dividends at the 32¢/sh. level are more secure (and that a larger percentage will be tax-free return of capital) even though GAAP earnings may hold at low levels. A major \$12.3 million land development loan was repaid.

Other decliners also reflect this gap between cash flow and GAAP accounting. Florida Gulf Realty weighed in with 14¢/sh. net income in the April quarter, last of its fiscal year, but virtually all the 30% decline stemmed from higher depreciation charges. Net cash flow was 34¢/sh., well covering the dividend which is expected to be about 50% tax-free return of capital. The higher depreciation reflected acquisition of a 46,000 square foot neighborhood shopping center in Ft. Pierce, Fla. on Dec. 31, 1977, for 20,404 shares valued at about \$300,000. FGRT may issue up to 13,690 additional shares based upon cash flow performance of the center.

GREIT Realty reported net income down 9% to 10¢/sh. in the April quarter, reflecting rising property operating costs, mainly utilities and maintenance. Rents rose 2% in the six months through April. Mortgage Growth, now a combination or balanced trust with over half of assets in property, posted earnings before depreciation of 20¢/sh. in the May quarter, vs. 13¢/sh. in 1977. Net income after depreciation was also ahead, by 20% from the previous quarter to 12¢/sh., indicating higher rents are overcoming the depreciation bite. The dividend was boosted.

Two other property and mortgage combination trusts posted strong recovery gains. Henry S. Miller Realty nearly doubled net income to 30¢/sh. in the May quarter, mainly reflecting strong showings at the trust's neighborhood shopping centers. Two Oklahoma City office buildings were sold during the quarter for approximately book value, reducing rents and expenses; the sales will benefit future earnings. Realty & Mortgage

New Earnings Reports

Trust-Period ended	-Latest Q-Th.\$-	--Latest Q-EPS---	--Earnings/sh.--	- % Chng. From---
Earn/Spcl. Item#	Earn/Spcl. Item#	Prev.Q	Yr.ago Q	Prev.Q Yr.ago Q
Quarterly results: Qualified trusts:				
Cont. Ill. Prop. Apr... 362	\$0.07	\$0.14a	\$0.16	-22%* -56%
First Cont'l... May... 539	0.25	0.23	0.22	+ 9 +14
First Union RE... Apr... 1,199/ 93G	f0.23/0.02G	0.21a	0.24	+10 - 4
First Fidelity... Feb... 67	0.08	0.03	d0.09	+166 Better
Florida Gulf... Apr... 142	0.14	0.20	0.17	-30 -18
GREIT Realty... Apr... 98	0.10	0.14	0.11	-29 - 9
Hospital Mtg... Feb... 120	0.10	0.13	0.04	-23 +150
ICM Realty... May... 845/380G	0.28/0.13G	0.15a	0.10a	+25* *36*
MTG Mtg. Inv... May... 420	0.28	0.26	0.27	+ 8 + 4
MassMutual Mtg... Apr... 1,788/136T	0.38/0.03T	0.36a	0.30	+ 9* +16*
Miller (Hen.) RI... May... 167	0.30	0.17	0.16	+76 +88
MONY Mtg. Inv... May... 3,349/2000R	0.38/0.22R	0.16	0.24a	UC* -24*
Mortgage Growth... May... 308	0.12	0.10	0.05	+20 +140
Property Capital... Apr... 619	0.30	0.30	0.30	UC UC
R&M of Pacific... May... 591	0.31	0.24	0.27	+29 +15
REIT of America... May... 502	0.31	0.67a	0.27	+15* +15
Terrydale Rty... Mar... 221/ 39G	0.66/0.12G	0.64a	0.40	+35* +35*
University RI... Mar... d 29	d0.01	d0.08	d0.07	Better Better
Wachovia Rty... May... d592	d0.18	d0.28	d0.24	Better Better
Quarterly: Non-qualified business trusts				
Alamand (Ben.St.) Apr... +301/585S	+0.22/0.43S	0.25b	d0.50	Better* Better*
Amer. Fletcher... Apr... +907/800I	+0.67/0.59I	1.06b	d0.74	Better Better
C.I. Mtg. Group... Apr... d1,164	d0.24	d0.35	d0.31	Better Better
C.I. Realty Inv... Feb... 338/831G	+0.13/0.23G	d0.08	0.37a	Better -63
Cit. & So. Rty... Mar... d756	d0.20g	d0.21bg	+1.06b	Worse Better
First Mtg. Inv... Apr... 163/231S	+0.02/0.03S	d0.58b	+1.30b	Better* Better*
First Newport... Apr... d1,013	d0.43	d0.38	+3.30b	Worse Better*
First Penn. Mtg... Apr... d1,881/1205I	d0.64/0.35I	d0.02b	d1.37b	Better* Better*
Independence Mtg... Mar... d 30	d0.01	d0.01	d0.08	Better Better
Plaza Realty... Dec... d561	d0.50	d0.23	d1.53	Worse Better
Walter Realty... Apr... d414	d0.40	d1.17	d0.31	Better Worse
Westport Rty... Apr... d 59/158S	d0.03/0.07S	d0.03	+0.08b	UC Better
Annual results: All trusts				
C.I. Realty Inv... Feb... d569/831G & d266W	d0.22/0.32G & d0.10W	---	+0.21c	---
Florida Gulf... Apr... 648	0.66	---	0.58	---
Hospital Mtg... Feb... 575	0.49	---	0.58	---
MONY Mtg. Inv... May... 7,638/2200R	0.86/0.22R	---	0.85c	---
Plaza Realty... Dec... d1,263	d1.13	---	d2.57	---

UC=Unchanged. NM=Not meaningful. r=Restated. p=Preliminary. d=Deficit.

#--Special items shown in both thousand dollars and share amounts as: G=Gain on sale of assets; I=Interest forgiveness; L=Loss on sale of assets; N=Net operating loss (NOL) benefit; R=Recovery of past-due interest; S=Swap of assets with banks; T=Gain on market purchase of debt at discounts; W=Gain (loss) on mortgage refinancing; X=Settlement with adviser or sponsor; Z=Gain on debt restructuring via exchange or tender offers.

** Comparisons are based upon earnings per share. Where loss is reported in one or both quarters, change in direction is shown as "Better" or "Worse."

* Compared before special items.

a--Gains or losses on asset sales in share results for previous and year-ago quarters are: Cont. Ill. Prop., 5c/sh. from option redemption in prev. qtr.; First Union, 5c/sh. gain in prev. qtr.; ICM Rty., 3c/sh. gain in prev. qtr. and 1c/sh. loss in year ago;

MassMutual, 4c/sh. gain on debenture repurchase in prev. qtr.; MONY, 3c/sh. gain in year-ago; REIT of Amer., 40c/sh. gain in prev. qtr.; Terrydale, 24c/sh. gain in prev. qtr.

b--Asset swap gains, tax benefits from net operating losses (NOL), and gains from early retirement of debentures at discounts via tenders in previous and year-ago qtrs. are: Alamand, 55c/sh. swap gains in prev. qtr.; Amer. Fletcher, 89c/sh. interest forgiveness in prev. qtr.; First Mtg., \$1.12 and \$1.44/sh. swap gains in prev. and year-ago; First Newport, \$4.89/sh. swap gains in year-ago; First Penn., \$1.92/sh. swap gains in prev. and 35c/sh. interest forgiveness in year-ago; Westport, 37c/sh. swap gains in year ago.

c--Annual results for year-ago include: C.I. Realty, 60c/sh. gain on asset sales and 10c/sh. net operating loss benefits; MONY Mtg., 5c/sh. gain on asset sales.

f--After preferred dividends (First Union).

g--Shares used in computing share amounts vary widely for Cit. & So. Rty.; prev. qtr. would be 92c/sh. profit after \$1.30/sh. gain on settlement with adviser on same number of shares as used in most recent quarter.

gains on sale of investments. At this pace the trust appears on target for about 60c/sh. reported EPS and about 30c-40c/sh. distributable income for 1978. But determining tax position and distributable income is highly complex and caution is advised.

Among institutional trusts, MONY Mortgage netted 38c/sh. in the May quarter, including about 22c/sh. collection of back interest upon restructuring of its loan to R.A. Properties, North Carolina apartment company sold to a new owner out of bankruptcy court. The sale lets MONY begin accruing interest on a \$7.1 million second mortgage that should add about 1.8c/sh. to quarterly earnings from the basic 16c/sh. rate of recent quarters. MassMutual Mtg. stepped earnings to 38c/sh. in the April quarter, including 3c/sh. from repurchase of debentures at discounts. Sale of a foreclosed property and expected repayment fee from a long-term mortgage should add about 5c/sh. nonrecurring items to the July quarter. Property Capital continued its string of 30c/sh. quarters; nonearning investments are down to 1.2%.

Wachovia Realty narrowed its loss to 18c/sh. and reported that loan repayments and property sales let it repay \$6.4 million to banks. Westport Co. lost 3c/sh. after cashing 7c/sh. extraordinary gains and tax benefits on asset swaps. Westport's bank credit agreement essentially sets interest so that the trust should report about 2c-3c/sh. losses per quarter for the next two or three years.

of the Pacific (RAMPAC) boosted earnings by 15% to 31c/sh. in the May quarter, reflecting lower drag from nonearning assets. And M&T Mortgage, which has virtually no nonearning loans in its single-family mortgages, increased net to 28c/sh. in the May quarter, reflecting slightly wider spread on higher loan fundings.

REIT of America also posted a 15% increase to 31c/sh. in the May quarter because rents rose while expenses were level. The trust is benefitting from leasing of a 50,000 sf expansion of a California shopping center. But the trust will lose about 4 $\frac{1}{4}$ c/sh. in quarterly earnings when a long-term lease on a downtown Detroit property expires July 1 and the building is razed for parking lot use. Recent gains make up much of that loss. The trust has about 45% of assets in California but expects little benefit from Proposition 13-mandated property tax relief since most benefits are expected to go to tenants in shopping centers.

ICM Realty boosted operating earnings, essentially on a cash flow basis, to 15c/sh. in the May quarter, up 25% and 36% from the previous and year-ago periods. It also reported 13c/sh. gain on sale of investments in the May quarter. ICM intends paying essentially all its taxable income as an annual dividend once results for the Nov. 1978 fiscal year are known; May results bring reported operating earnings to 28c/sh. for the first six months before 16c/sh.